

111TH CONGRESS  
1ST SESSION

# S. 1079

To amend title XVIII of the Social Security Act to extend reasonable cost contracts under the Medicare program.

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## IN THE SENATE OF THE UNITED STATES

MAY 19, 2009

Ms. KLOBUCHAR (for herself, Mr. VOINOVICH, Mr. INOUE, Mr. UDALL of Colorado, and Mr. BENNET) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend title XVIII of the Social Security Act to extend reasonable cost contracts under the Medicare program.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

### 3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Medicare Cost Con-  
5 tract Extension and Refinement Act of 2009”.

### 6 **SEC. 2. EXTENSION OF REASONABLE COST CONTRACTS.**

7 (a) EXTENSION OF PERIOD REASONABLE COST  
8 PLANS CAN REMAIN IN THE MARKET.—Section  
9 1876(h)(5)(C) of the Social Security Act (42 U.S.C.  
10 1395mm(h)(5)(C)) is amended—

1 (1) in clause (ii), by striking “January 1,  
2 2010” and inserting “January 1, 2013”; and

3 (2) in clause (iii), in the matter preceding sub-  
4 clause (I), by striking “if the service area for the  
5 year meets” and inserting “if the portion of the  
6 plan’s service area for the year that is within the  
7 service area of a reasonable cost reimbursement con-  
8 tract meets”.

9 (b) EXTENSION OF PERIOD REASONABLE COST  
10 PLANS CAN EXPAND THEIR SERVICE AREA.—Section  
11 1876(h)(5)(B)(i) of the Social Security Act (42 U.S.C.  
12 1395mm(h)(5)(B)(i)) is amended to read as follows:

13 “(i) the conditions for prohibiting an extension  
14 or renewal of a contract under subparagraph (C)(ii)  
15 are not applicable to such service area at the time  
16 of the application; and”.

17 **SEC. 3. APPLICATION OF CERTAIN MEDICARE ADVANTAGE**  
18 **REQUIREMENTS TO COST CONTRACTS EX-**  
19 **TENDED OR RENEWED AFTER DATE OF EN-**  
20 **ACTMENT.**

21 Section 1876(h) of the Social Security Act (42 U.S.C.  
22 1395mm(h)), as amended by section (2), is amended—

23 (1) by redesignating paragraph (5) as para-  
24 graph (6); and

1           (2) by inserting after paragraph (4) the fol-  
2       lowing new paragraph:

3       “(5)(A) Any reasonable cost reimbursement contract  
4       with an eligible organization under this subsection that is  
5       extended or renewed on or after the date of the enactment  
6       of the Medicare Cost Contract Extension and Refinement  
7       Act of 2009 shall provide that the provisions of the Medi-  
8       care Advantage program under part C described in sub-  
9       paragraph (B) shall apply to such organization and such  
10      contract in a substantially similar manner as such provi-  
11      sions apply to Medicare Advantage organizations and  
12      Medicare Advantage plans under such part.

13      “(B) The provisions described in this subparagraph  
14      are as follows:

15           “(i) Section 1851(d) (relating to the provision  
16      of information to promote informed choice).

17           “(ii) Section 1851(h) (relating to the approval  
18      of marketing material and application forms).

19           “(iii) Section 1852(a)(3)(A) (regarding the au-  
20      thority of organizations to include mandatory sup-  
21      plemental health care benefits under the plan subject  
22      to the approval of the Secretary).

23           “(iv) Section 1852(e) (relating to the require-  
24      ment of having an ongoing quality improvement pro-  
25      gram and treatment of accreditation in the same

1 manner as such provisions apply to Medicare Advan-  
2 tage local plans that are preferred provider organiza-  
3 tion plans).

4 “(v) Section 1852(j)(4) (relating to limitations  
5 on physician incentive plans).

6 “(vi) Section 1854(g) (relating to restrictions  
7 on imposition of premium taxes with respect to pay-  
8 ments to organizations).

9 “(vii) Section 1856(b)(3) (relating to relation to  
10 State laws).

11 “(viii) Section 1857(i) (relating to Medicare  
12 Advantage program compatibility with employer or  
13 union group health plans).

14 “(ix) The provisions of part C relating to  
15 timelines for contract renewal and beneficiary notifi-  
16 cation.”.

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